Products under uniform tax regime

†2235. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that VAT Panel is considering to separate diesel and several other products from the uniform tax regime;

(b) if so, the names of products on which VAT is not proposed to be levied on;

(c) whether there is also a proposal for bringing certain products under VAT system; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) VAT is a State subejct under Entry 54 of the State List of the Constitution of India. The design of VAT, including rates of tax on various items, has been finalized by the States collectively, through the deliberations in the Empowered Committee of State Finance Ministers (EC), according to which a few items of goods have been kept outside VAT. These are liquor, lottery tickets, petrol, diesel, aviation turbine fuel and other motor spirits. These items shall continue to be taxed under the Sales Tax Act or any other State Act or even by making special provisions in the VAT Act itslef, and with the Uniform Floor Rates (UFR) decided by the EC.

(c) and (d) All the items of goods, which have specifically not been kept outside VAT, have already been brought under the purview of VAT. Under the VAT system, any item which is not exempt or not taxable under the categories of 1% or 4% rate of tax, is taxable at the rate of 12.5% which is the general or residual rate of tax under VAT.

Prepayment Scheme for States

2236: SHRI K. RAMA MOHANA RAO:
SHRIMATI N.P. DURGA:

Will the Minister of FINANCE be pleased to state:

(a) whether any prepayment scheme has been introduced by Government in 2003-04;

†Original notice of the question was received in Hindi.